

Internal Revenue Service  
**Form 990 Redesign for Tax Year 2008**  
**Schedule C, Political Campaign and Lobbying Activities – Highlights**  
December 20, 2007

**Rationale and Overview**

The current Form 990 requests the following information regarding political and lobbying activities:

- For 501(c)(3) organizations
  - Line 89a regarding tax imposed on 501(c)(3) organizations under sections 4911 and 4912 (influencing legislation and lobbying expenditures) and 4955 (political expenditures) (now Schedule C Parts II-A, II-B and I-B)
  - Schedule A, Parts VI-A and VI-B regarding lobbying expenditures for 501(c)(3) organizations (now Schedule C Parts II-A, II-B and I-B)
- For organizations not described in 501(c)(3)
  - Lines 85a through 85h regarding deductibility of dues paid to section 501(c)(4), (5) and (6) organizations and 6033(e) proxy tax (Part III)

The Draft consolidated the above information and incorporated it into a new Schedule C. In addition, the Draft made the following changes:

- Extended reporting of political campaign activities to organizations not described in 501(c)(3)
- Added questions regarding transfers of funds between 501(c) and 527 organizations
- Extended lobbying expenditure reporting to organizations not described in 501(c)(3)

**Summary of Changes to Draft**

Many commented that reporting volunteer hours in Part I of the Schedule will be burdensome for many organizations. Such information is relevant to tax compliance and has been retained. However, the instructions will provide that organizations may use any reasonable method to estimate this amount.

Many commented that the extension of Part II-B lobbying expenditure reporting to non-501(c)(3) organizations would result in substantially increased reporting burden for such organizations, without furthering a substantial tax compliance or transparency interest. Based on these comments, organizations not described in 501(c)(3) are not required to report lobbying expenses on Schedule C.

Form 990-EZ filers that are described in 501(c)(3) and engage in these activities will be required to complete pertinent parts of this schedule.

**Expected Impact on Burden**

The content of Parts I-B, II-A, II-B and III exist on the current form and no additional burden is expected for these parts. Parts I-A and I-C will result in some additional burden for organizations not described in 501(c)(3), because they are not required to report this information on the current form.